

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01

OES-06 INT-05 TRSE-00 EB-07 OMB-01 /079 W

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R 031727Z NOV 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 2965

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION NATO BRUSSELS

AMEMBASSY MOSCOW

AMEMBASSY WARSAW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY BUDAPEST

AMEMBASSY BUCHAREST

AMEMBASSY BERLIN

AMEMBASSY PARIS

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL MUNICH

AMCONSUL STUTTGART

C O N F I D E N T I A L BONN 18545

E.O. 11652: GDS

TAGS: EIND, EFIN, EMIN, EEW, UR, GW

SUBJ: COMMENT ON KURSK STEEL PROJECT

REF: (A) MOSCOW 11797; (B) MOSCOW 12017 (NOTAL);

(C) BONN 13255 (NOTAL)

1. GERMAN PRESS RECENTLY REPORTED THAT USSR IS
DELAYING FULL IMPLEMENTATION OF KURSK I IN EFFORT TO
SQUEEZE CREDITS FROM BONN -- AND FURTHER CONCESSIONS
FROM CONSORTIUM -- AS CONDITION FOR GOING AHEAD. PRESS

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STORIES APPARENTLY LED SALZGITTER CHAIRMAN BIRNBAUM TO

STATE OCTOBER 28 THAT THERE HAS BEEN NO CHANGE IN MODALITIES FOR PAYMENT (I.E., SOVIETS WILL PAY CASH FOR KURSK I) OR LIABILITY (I.E., SALZGITTER WILL NOT TAKE ON RESPONSIBILITY FOR PERFORMANCE OF ENTIRE CONSORTIUM).

2. BIRNBAUM EXPRESSED CONFIDENCE IN FUTURE OF KURSK I BUT SAID THAT PROJECT LIKELY TO GO AHEAD IN PHASES, DUE TO SOVIET DESIRE TO BEGIN WITH PELLETIZING PLANT (SALZGITTER) AND REDUCTION PLANT (KORF) AND TO DEFER OTHER COMPONENTS (STEEL MILL FROM KRUPP-LED CONSORTIUM AND ROLLING MILL FROM DEMAG/MANNESMANN). BIRNBAUM SAID THAT NEGOTIATIONS NOW UNDER WAY IN MOSCOW RE TIMETABLE AND PRICES. GERMAN CONSORTIUM HOPEFUL THAT, IF CONSTRUCTION BEGINS NEXT SPRING, PART OF KURSK I WILL ENTER PRODUCTION BEFORE END OF DECADE.

3. EMBOFF RECENTLY ASKED ECONMIN OFFICE DIRECTOR FOR EAST-WEST TRADE (JAHNKE) ABOUT REPORTED DELAYS IN KURSK I. JAHNKE SAID FRG UNAWARE OF ANY NEW SOVIET DEMANDS AND HAS NO INDICATION THAT MOSCOW BACKING OFF FROM COMMITMENT TO PAY CASH. HE SPECULATED, HOWEVER, THAT SPIRALLING PRICES FOR KURSK I MAY CAUSE BREZHNEV TO SEEK FRG CREDITS DURING HIS VISIT TO FRG NEXT YEAR. HE ALSO THOUGHT THAT NEGOTIATIONS ON KURSK II WILL NOW RECEDE INTO MORE DISTANT FUTURE. STOESEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, AGREEMENTS, MEETINGS, INDUSTRIAL PLANTS, STEELS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 NOV 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BONN18545
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760410-0955
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761187/aaaacxki.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 MOSCOW 11797, 76 MOSCOW 12017, 76 BONN 13255
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by KelleyW0>; APPROVED <06 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMENT ON KURSK STEEL PROJECT
TAGS: EIND, EFIN, EMIN, EEWT, UR, GE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006